12 May 1969

MEMORANDUM FOR THE RECORD

Morning Meeting of 12 May 1969

The Director briefed on the flurry of telephone calls surrounding his refusal to permit newsmen to cover his speech before the Business Council at Hot Springs on 10 May. He noted that leaks on his remarks grew out of a couple of reporters who listened through the kitchen door. He asked Maury to meet with him after the Morning Meeting in order to provide guidance in the event any questions are raised on the Hill.

DD/I noted that he met with the Whig-Cliosophic Society from Princeton on Friday afternoon and that the session had gone well.

Godfrey noted that enemy-initiated activity on Sunday was perhaps the most severe since the Tet offensive. He commented that the attacks were almost exclusively confined to shellings directed at ARVN and U. S. targets. [redacted] for Carver noted that the Saigon station had forecast the offensive.

25X1

[redacted]

D/ONE noted that NIE 30-1-69, The Fedayeen as a Factor in the Middle East, is due for consideration on Thursday. He anticipates no substantial disagreements at the meeting.

25X1

[redacted]

Maury noted that Senator Murphy will be here Thursday for lunch.

Maury noted that, in lieu of contacting Chairman Rivers directly with respect to Congressman Pike's request that we appear before his committee in closed session, he will be discussing the matter further with Frank Slatinsheck. The Director commented that he will see Chairman Rivers in the event Maury has any difficulty.

Maury called attention to an article in the last issue of The Virginia Quarterly Review which gives a favorable view of the Agency's past utilization of foundations and trusts as funding mechanisms.

DDCI noted receipt and approval of a request to provide privileged cable communication from Governor Rockefeller to the President during the course of the Governor's Latin American tour.

DDCI noted that he will be providing the Director with a memorandum concerning Dr. Kissinger's inquiry related to press leaks.

The Director briefed on the successful Office of Security investigative effort which has now clearly identified the source--a former employee--and his subsources--current employees--of an anonymous letter sent to numerous congressmen and U. S. officials some two months ago. The Director noted that the letter made several charges against Agency management but that his particular concern was the last paragraph of the letter, which promised "more of the same." The Director asked each Executive Committee member to relay this information to his various staffs, emphasizing that there are privileged in-house channels to the IG to ventilate any complaint and that employees are encouraged to use them. In the future the Director noted that instances of providing former employees with tales on in-house matters will simply not be tolerated. The Director noted that he may opt simply to fire such employees and asked Executive Committee members to emphasize this together with the fact that the Office of Security broke this case through its own investigative efforts, which were not dependent upon any employee having identified the parties involved.

[redacted]

L. K. White

THE WASHINGTON POST
12 MAY 1969

Costs Seen As Forcing Arms Curb

HOT SPRINGS, Va., May 11 (AP) — The staggering costs of nuclear-weapons rivalry may force the United States and the Soviet Union into meaningful disarmament talks, Richard M. Helms, the CIA director, has suggested to American business leaders.

Helms spoke Saturday night at a closed dinner meeting of the Business Council. Through talks with Council members it was learned that he made these comments: "The future costs of adequate defense may well prove impossible for both nations to bear. For this reason there may be common ground for us to move ahead in the arms control race."

He was quoted as saying that North Vietnam has abandoned the idea of achieving a military victory in South Vietnam but now hopes to create a rift between the United States and its South Vietnamese ally at the Paris peace talks.

The North Vietnamese will seek to use anti-war sentiment in America to pressure the Nixon Administration into concessions that would be unsuitable to the South, Helms said.

The CIA director was also quoted as saying that leadership in the Soviet Union is divided between older Communist Party officials and a more youthful group and thus is having difficulty in deciding its future course.

RICHARD M. HELMS
...hopeful on disarmament

HELMS IS HOPEFUL OF AN ARMS PACT

Sees Defense Cost Growing Too High for Both Sides

Special to The New York Times

HOT SPRINGS, Va., May 10 —Richard M. Helms, the director of the Central Intelligence Agency, expressed some optimism tonight over the prospects for an arms-control agreemnt between the United States and the Soviet Union. His reason was that both sides might decide they were unable to afford ever-increasing arms.

"The future costs of adequate defense may well prove to be impossible for both nations," he said at a dinner meeting of the Business Council.

The council is an organization of leading business executives, most of them presidents or board chairmen of major corporations, which meets periodically behind closed doors with Government officials to discuss public policy issues.

Remarks Heard in Kitchen

Mr. Helms spoke tonight to some 225 people, including about 100 members of the council, their wives and other Government officials. His remarks couldalso be heard in the kitchen of the Homestead by cooks and waiters and reporters who discovered that his voice there.

He warned his audience at the outset that his remarks were to remain off-the-record, because, he said, he had discovered in the past that when his remarks were published "undue emphasis" was given to his views.

Mr. Helms had, earlier in the day, refused reporters' requests that he meet with them to summarize his speech to the council members and their wives. All the other Government officials who appeared at the council meeting yesterday and today did this. They included four members of President Nixon's Cabinet—Arthur F. Burns, the Councilor to the President, and Secretaries George Romney and Maurice H. Stans, Postmaster Winton Blount and the Deputy Defense Secretary, David Packard.

Press briefings by Government officials who have spoken at the council's secret sessions have been standard practice for 16 years.

In refusing to participate in a press briefing, Mr. Helms had said that his speech would not cover any national security matter.

What Mr. Helms did say, according to those who heard and overheard it, consisted mainly of a history of American involvement in Vietnam and a discussion of the Communist leadership in Moscow and Hanoi.

He was quoted as having made the following points:

¶The leaders of North Vietnam have abandoned hope for a military victory in the war. They are attempting, in Paris, to exploit tensions between the United States and South Vietnam and thus to increase the pressures on the Nixon Administration to end the war.

¶The Soviet Union is run by "aging party officials who still believe in the old dogmas"—for example, that it is impossible to get along with capitalist countries. However, there is also a "newer breed of officials there."

¶The Soviet insistence that Czechoslovakia adhere to specified Communist principles is proof of the degree to which the Kremlin's leaders are "weighted down by excess moral baggage."

¶Nikita S. Khrushchev was overthrown because he was forced to back down in the confrontation with President John F. Kennedy over the installation of Soviet missiles in Cuba. Even though it was two years later that he lost power, that was the real reason.

Dual-Purpose Funds

May. 9, 1969

Following is a weekly listing of the unaudited net asset value applicable to the capital shares of dual-purpose investment companies as reported by the Committee of Dual-Purpose Companies at the close of business Friday. Also shown are closing over-the-counter, dealer-to-dealer asked prices on the closing market prices for shares listed on the N. Y. Stock Exchange, for the capital shares of each company, with the percentage difference (discount or premium) between the net asset value and the asked price of the capital shares.

	Cap. Price	Shs. N.A. Val. Cap. Shrs.	dDiff. %
sAmer. Dual Vest	$15⅛	$17.05	—11.3
sGemini Fund	17⅞	19.44	— 8.1
sHemisphere Fund	8¾	10.72	—18.4
sIncome & Capital	16¾	17.74	— 5.6
sLeverage Fund	12½	16.24	—23.1
Putnam Duofund	9½	10.29	— 7.7
sScudder Duo-Ves.	7¾	10.05	—22.9

dAfter giving effect to arrearages, if any, of the cumulative dividends and amortization of any differences between original paid-in-capital and the redemption price of income shares.

sListed on the N. Y. Stock Exchange.

Chicago Tribune
12 May 1969

NATION'S SPY CHIEF FINDS HE'S 'BUGGED'

BY LOUIS DOMBROWSKI
[Chicago Tribune Press Service]

Hot Springs, Va., May 11—The nation's spymaster, Richard M. Helms, last night found himself in the embarrassing position of having been hoist by his own petard—his speech to the Business council was "bugged."

Helms, director of the central intelligence agency, who is a regular guest at the semi-annual meeting of the council, discovered his off-the-record talk to the 225 council members and their wives was being broadcast by the dining room's public address system into the hotel kitchen where an audience of waiters, cooks, busboys, and newsmen listened.

Despite efforts by reporters to get Helms to tell them what he planned to say, the CIA chief adamantly refused. He explained that he never speaks for the record.

He Remains Silent

He was told that all other Nixon administration officials brief newsmen after meetings with the Business council and submit to reporters' questions. But Helms chose to remain silent.

Two newsmen called the White House and reported the situation to the office of Herbert G. Klein, director of communications for the Nixon administration. A spokesman for Klein's office told them he had informed Helms of the administration's position of "open government." But the spokesman said he had received no assurance that the CIA chief would follow the policy.

A tall, lean, dark-haired man with piercing dark eyes, Helms is the first professional intelligence agent to head the nation's spy operations, which sometimes is called the "invisible government."

Invited by Council

Asked why he attends the meetings of the Business council, an organization of the heads of the nation's biggest and most influential companies, Helms said he had been invited by the council. He said that several members were friends "since our navy days in World War II."

It is believed, however, that Helms, who is serving under his second President—he was appointed by former President Johnson—uses his special guest status with the council to further American intelligence efforts abroad. His two immediate predecessors also attended council sessions.

Helms also may use firms with overseas operations as conduits for moving CIA funds. However, one council member said, "If he is using us, I simply don't know about it and, furthermore, I don't want to know anything about it."

First Official Listing

Altho Helms has been a speaker at earlier council meetings, last night was the first time he was officially listed on the program as a speaker.

Doors to the private dining room where the meeting took place were locked before Helms began his talk. But someone forgot to disconnect the public address system outlet to the kitchen. The hotel catering chief uses the system to tell kitchen personnel when to bring in the next dinner course.

Reporters, searching for some way to overhear the speech, discovered the kitchen speaker by accident. They heard virtually the entire address.

THE WASHINGTON POST
12 MAY 1969

Turned-Off Young Scientists Force Major Cutbacks in Military Research

By Victor Cohn
Washington Post Staff Writer

"Caution. The military-industrial complex is armed and dangerous."
"ABM is an Edsel."

—Signs carried by physicists picketing the White House April 30.

In a less violent but equally radical way, science students, younger scientists and many older professors of physics and physiology have been raising their own hell on the campuses.

In the view of Prof. Don K. Price, Harvard political scientist, this is "a new kind of rebellion," linked only in part with the activist kids and college students in general.

It is a rebellion of young and discontented technologists — against the ABM and other costly military-technological systems, against "weaponeering" at secret laboratories on or near campuses and, in many cases, against doing any research, secret or non-secret, to help the military.

It is a rebellion against computer centers and social science projects serving the CIA.

It is a rebellion against what one young physicist called "the whole misuse of technology to spoil rather than save the country."

Sometimes painstakingly logical, sometimes only emotional and shrill, this rebellion has been increasingly effective. In the last few weeks it has:

• Caused or helped cause giant Stanford University—derided by the new dissidents as the "Pentagon of the West"—to decide to phase out half the secret military projects at its Stanford Applied Electronics Laboratory. The Stanford rebellion was conducted largely by undergraduates, but sympathetic and vocal professors gave them vital moral authority.

• Made Stanford's trustees place a moratorium on new chemical and biological warfare contracts at the nearby Stanford Research Institute, nominally "independent" but in effect owned by the university's trustees.

• Caused huge Massachusetts Institute of Technology to call a moratorium on taking any new secret contracts at a pair of crack radar and rocket guidance laboratories that have supplied much of the brainpower behind U.S. weaponry.

• Forced American University in Washington to cancel a partly secret Army research contract with the University's Center for Research in Social Systems.

• Seen physicists picketing the White House; professors buttonholing Senators and Representatives and organizations with many names but like purposes—Project Daisy, Ad Hoc Committee of Concerned Scientists — spring up at campus after campus.

This movement and student protests in general have in the past year forced the Defense Department to halve its classified research and development contracts from some 400 to 200—its "classified" or in common parlance secret research and development contracts on U.S. campuses.

Report on Contracts

This week Dr. John Foster, director of defense research and engineering, is expected to discuss the problem at a news conference. According to figures he has gathered, there are now such contracts or grants in effect at some 60 universities.

He will say they now represent about $20 million worth of all the department's some $250 million this year in 5500 campus projects.

In addition, the department finances what another official estimates to be $200 million in work—most of it classified—at "research centers" like MIT's Lincoln Laboratory and Instrumentation Laboratory, Caltech's Jet Propulsion Laboratory and Johns Hopkins' Applied Physics Laboratory.

Most of these centers are operated by the universities on "not-for-profit" contracts, partly to keep secret work off the campuses themselves.

Foster may also report that the principal concentrations of classified research (according to one of his staff) are at:

• MIT and Stanford. MIT's are entirely at the Lincoln and Instrumentation (or "I") Labs, neither of which MIT consider part of its teaching campus. There are no classified projects on the MIT campus proper, but the "I Lab" is on the campus fringe and both labs have close staff and graduate project connections.

• University of Michigan, many at a university facility at Willow Run. Despite wrenching 1967-68 protests by students and faculty, the university this academic year has rejected just one classified proprosal and aproved 36 others.

• University of California at Berkeley, University of Texas, Georgia Tech, Ohio State University and New Mexico State University.

For well over a year the Defense Department has been straining to reduce classified work on the campuses. "We still have some that need not be classified," an official reports, "mainly where a contracting officer has just used that as an easy way to give investigators access to classified material. This is not the only way to do this, and we want to reduce unneeded classification to zero."

There will then remain a hard core of still classified projects that both Defense officials and many professors and colleges consider proper and necessary. These deal with subjects like laser and maser detection (of distant objects like missiles), electronic counter-measures, advanced radar, underwater sound—"things that in the national interest need to be kept secret" and need to be done for the country's defense, in the view of Dr. Charles Kidd, a deputy to Dr. Lee DuBridge, the President's science adviser.

But DuBridge—though no activist—removed secret work from the Caltech campus as "inappropriate" 20 years ago.

One-Day Stoppage

"Inappropriate" was a mild word on March 4, 1969, when MIT students—some of the country's brightest future scientists and advanced engineers—joined turned-off faculty members to hold a "one-day research stoppage to protest "misuses of science." The University of Pennsylvania, the University of Rochester and some 30 other campuses saw similar demonstrations. And new organizations began to proliferate.

Some coalesced or merged loosely with a group started in New York City in February around a lanky elementary particle physicist from Stanford, Dr. Martin Perl, as "acting secretary." This "Scientists for Social and Political Action" or SSPA quickly counted 500 or so members in "40 or 50" local chapters.

Perl—at age 42, standing between the young and the old in science—bows to the "atomic scientists" who first attempted political action after World War II, and in bitter battle helped win civilian control of atomic energy. "But now," he says, "these men are the scientific administrators. They have to be careful of what they say. Now a second, fresh voice is needed."

'Not Responding'

A younger associate, Brian Schwartz of MIT, is blunter: "These older men have lost contact with the real world. They're not responding to the younger problems."

The younger problems exploded at Stanford in early April. For nine days, student dissidents occupied the Applied Electronics Laboratory, site of some $2 million a year in defense research.

The younger problems were hoisted onto picket signs in Washington April 30, when for the first time in history, it was stated—first time or not, it was rare—175 pale, variously bearded, bookish-looking physicists picketed the White House. Their target: the ABM. Their leaders: David Nygren of Columbia and Tom Kirk of Harvard.

The physicists were here for the American Physical Society's annual meeting. "This usually staid convention has boiled up into an indignation meeting over President Nixon's proposed Safeguard ABM system," said a news report. Wearing "Stop ABM" buttons, physicists prowled hotel and Congressional corridors. "Even the controversy over the security 'trial' of J. Robert Oppenheimer in the 1950s," wrote William Hines in the Chicago Sun-Times, "did not match this intensely political climate."

Moratorium Arranged

The younger problems boiled up again at both MIT and Stanford. At MIT, students marched into the office of President Howard Johnson for a sit-in and talk-out, especially about secret work on military helicopters and multiple-entry atomic missile guidance. All agreed to move to a lecture hall. Next the MIT faculty met. The upshot was a moratorium on secret projects until a special

continued

22-man group studies the wh[illegible] role of the Lincoln and "I" Labs, sites of some $95 million a year in Pentagon contracts.

At Stanford too there were more demonstrations and faculty meetings. The upshots there: (1) a start on an "orderly" phasing out (or conversion to non-secret) of some $2 million a year in secret contracts, representing about a third of the Applied Electronic Labs' defense work; (2) a pledge to end chemical and biological warfare research and counter-insurgency studies at Stanford Research Institute (worth about $1.4 million a year).

At both Stanford and MIT many professors have balked. Someone must defend the country, they indignantly say. Someone must provide the knowledge. And many of the best minds are on campuses. If universities severed all Defense Department ties, says Jack Ruina, MIT vice president for the special laboratories," "the country would be left in the hands of the professional military and industrial group."

At Stanford, Prof. O. G. Villard Jr.—radar researcher and son of the late Oswald Garrison Villard, crusading editor of the Nation—said: "As the son of a liberal who was a devoted pacifist, I have searched my conscience and always felt I have been completely faithful to the pacifist traditions of my family. I have always considered that my research was 100 per cent directed toward saving human lives. This development essentially brings my research here to an end, and I believe the decision will have a most unfortunate effect on the long-term viability of the School of Engineering and even of the university."

These men were talking mainly about classified and directly linked military research.

Pentagon Financing

But there is still another trend, against even open, non-secret basic study financed by any military or para-military agency. The Defense Department finances much basic research in physics, chemistary, electrical engineering and the like, partly because it knows that almost all such knowledge is ultimately needed; partly because it wants to maintain contacts with bright scientist-consultants. Of some $1.5 billion in Federal basic research money now going to colleges, some $247 million (16 per cent) comes from the Pentagon.

Last month University of Maryland students picketed a computer center doing non-secret work on pattern recognition for the CIA. At MIT last week, disaffected students protested a Defense-financed, non-secret project to make new computer methods available to any social scientist—whether working on Vietnam peasantry or the succor of the American poor. At Stony Brook, the Students for a Democratic Society stormed another computer center. The computer center may be fast becoming the American Bastille.

To most young or old scientists, if not to their students, this is illogical.

Sympathy Found

Still, there is great sympathy among them for these many youths who are coming to consider almost all research "complicit" war research "for the system."

An important answer to the[illegible]ry young, maintains Stanford's [illegible]in Perl, is to turn much research to social purpose. "The uncontrolled spawning of technology has produced pollution and contributed to socially destructive conditions," says his new organization. "Yet there is no real attempt to apply technical skills to improve life."

"This is what we want to tell people," said one of the new scientists during the Physical Society meeting here. "We're not very violent types. We're not about to riot. We just want to exercise our democratic rights."

Is all this the high-water mark of a temporary scientists' movement or is it a beginning of something larger? Only time will tell, but if the young scientists keep talking, there may be a new element in the American political dialogue. After years of relative silence, says Dr. Charles Schwartz of the University of California, "a large number of scientists are coming out of their little dark laboratories," and things may never be the same.

THE CIA EXPOSURES: END OF AN AFFAIR

By RICHARD M. HUNT

FOR many people today the CIA is a three-letter symbol for practices reviled with four-letter words. Indeed, in some circles, writing about the Central Intelligence Agency has become an exercise in political pornography: the subject matter is titillating but basically obscene.

It has taken the CIA some time to acquire this reputation. Two decades ago, almost everyone accepted the CIA as an able guardian of the national interest. Intelligence collection, espionage, training in counter-insurgency, even foreign political sabotage all seemed to be a normal part of the Cold War struggle. And where doubts arose, the doctrines of "necessary evil" and "fighting fire with fire" always helped to rationalize any residual uneasiness over such "dirty work."

Nevertheless, the exposures two years ago of one specific activity of the CIA produced a sensational stir. Curiously this activity had little or nothing to do with "black" or illegal operations of the CIA in foreign countries. Rather, it concerned the covert channeling of federal funds to various private institutions in America. In an astonishing burst of publicity, the revelation of this single, secret function of the CIA suddenly enraged the collective conscience of the nation.

The story unfolded swiftly. In late January of 1967, a flurry of rumors about the hidden ties of the Central Intelligence Agency appeared in the national press. As might have been expected, the first reports came from the most restless and assertive force in contemporary America: students in the major universities of the country. In Boston, Berke-

ley, Chicago, and New York, members of the National Student Association began to tell about their former relationships with the CIA. Their talk was direct and candid; soon rumors became facts. Prompted by these initial disclosures, newsmen quickly proceeded to dig deeper into the story. Like electricians tracing out the underground wiring of complicated circuits, they examined hundreds of foundation tax records and grant lists. Again and again, to their amazement they succeeded in making connections between a labyrinth of nonprofit organizations and a hidden generator. This generator was demonstrably the CIA.

For thirteen days in February, 1967, the CIA story made the front page of the New York Times. During the same month, newspaper columns throughout the country carried a daily quota of disclosures. Eventually more than 225 different institutions—some of them occupying positions of great public prestige—were identified as direct or indirect recipients of CIA funds. Included in this number were trade unions, cultural exchange conferences, newspaper guilds, charitable foundations, church councils, publishing firms, professional societies, and university research projects. One newspaper story even charged a prominent symphony orchestra with accepting CIA money to pay for an overseas concert tour. Soon no private organization engaged in international activities could feel safe from an expanding web of suspicions. The money and influence of the CIA appeared to be here, there, and everywhere.

The exposure of this system of covert governmental funding caused a shock of dismay in the minds of many Americans. It was almost as if the nation's image of its own integrity had been defiled by its most esteemed representatives. With a fascination for lists reminiscent of the time when Senator Joe McCarthy was busily "exposing Communists," the American public reveled in the lengthening catalogue of complicit names and organizations. Antagonists condemned everyone involved with "the underhand practices"

of the CIA. At the same time, durable catchphrases like the "power élite" and "invisible government," both current in the 1950's, reappeared in public discussions.

Actually, there were some ironies in the timing of this clamor. A year before, in April, 1966, the New York Times had published a three-part series of articles on the CIA. Although these articles had systematically set forth the scope of CIA infiltration of private American institutions, they had produced no significant public reaction. A year later, however, essentially the same story—laced now with indelicate details—stimulated a tremendous outcry. The difference told something about the new attitudes of the American people toward several crucial subjects: the candor of their government, public morality, and the contemporary relevance of old-fashioned Cold War anti-Communism. It also suggested the ease with which powerful new forms of political demonology could capture the nation's attention.

Public wrath over the CIA "scandal" soon reached out to tenuous insinuations about "official corruption" in high places. There was vague talk about wrecked political careers, the demotion of Administration officials, and the resignation of foundation executives. The CIA was accused of using private groups to cover nefarious projects in underdeveloped countries—for example, to combat insurgency or to spy on foreign governments. Critics began to associate the CIA with the ill-fated Operation Camelot, a controversial study of unrest in Latin America which had the United States Army, not the CIA, for its angel. For their part, foundations were blamed for accepting tainted money which contaminated their regular projects. Somewhat different grievances were lodged against the CIA by those on the outskirts of American political life. Extreme groups on the right fretted over the fact that so little of the money had gone to the missionaries of free enterprise and conservative Republicanism. Student radicals on the left stormed against this new evidence of an "utterly corrupt" older generation.

Neither group found anything to approve in a "hypocritical" system which engaged in what one journalist called "the Big Fix."

With all kinds of opponents shooting salvos of calumny at the besieged Administration, there was little chance at first for rational debate of the issues. Some of the charges could be lightly treated. For instance, the answer to those who censured private CIA-supported institutions for carrying out "dirty" programs was that, according to all the reports, the CIA did not use these organizations for such purposes; the agency obviously possessed other means to these ends. Through most of its conduits, CIA money did go to groups which published magazines like Encounter, which sponsored research at the M.I.T. Center for International Affairs, and which arranged student exchange conferences. By any range of definitions, it would be difficult to classify such projects as "dirty" or iniquitous.

Again, the reply to those who felt the CIA had diminished the prestige of the United States abroad was apparent from a survey of the overseas press. Except for the Communist press which followed the lead of two "outraged" articles in Pravda on February 26 and March 1, 1967, most newspapers in foreign countries played the story relatively straight, with only a trace of bemused interest in the guilt complex of the American public. It was true that several prominent European intellectuals decried their own entrapment in the affair, but the vast majority of foreign recipients of "CIA-supplemented" funds refrained from expressions of public anguish. Presumably they felt no need to engage in recriminations.

Yet, no matter how convincing these kinds of rebuttals, there did remain some serious accusations against the CIA that still needed consideration. In general, the most probing indictments centered on three points. First, there were questions about "the irresponsible expenditures of public funds" without the formal consent of Congress and without

the knowledge of the American people. From a constitutional standpoint, all of the customary standards of accountability had apparently been disregarded by an executive agency of the government. The Congress too had proven itself culpable by its failure to institute effective restraints on the CIA. For more than a decade, some Congressmen had urged greater supervision of this agency but to no avail. Most of the elected representatives of the country had not been prepared to put some bite in the "toothless" watchdog committees which already existed in Congress.

Then there was the issue of subversion: the deliberate undermining of the independence of nongovernmental institutions. Many people felt it was a grave impropriety for the CIA to impair the probity of private groups through the use of federal subsidies. More than a century ago, the French historian Alexis de Tocqueville had noticed the vigor with which private voluntary associations in America had asserted their independence from the government. Now it appeared that the CIA had succeeded in penetrating some of these once-autonomous groups. In addition, the activities of this agency had resulted in jeopardizing the work of many genuinely private foundations in foreign countries. Henceforth it seemed likely that all international organizations would have difficulty in proving they were not carrying out the directives of the United States government.

Finally and most vehemently, the critics deplored the apparatus of duplicity through which the CIA had channeled its "tainted" funds. Walter Lippmann asserted "the CIA operation has begun to smell like a backed up cesspool" and he demanded an end to "lying as a public policy." Other columnists challenged the credibility of an administration which condoned secret machinations while professing the virtues of an open society. If America really was a free and democratic country, what was the morality that permitted the CIA to set up a clandestine network of front funds, "pass through" conduits, and tacitly co-operating founda-

tions? What were the ethics in debilitating the personal and institutional standards in America for the sake of a dubious advantage abroad?

At the time, most of these questions did not receive public answers. Few Administration officials spoke out in justification of what apparently had been going on for nearly fifteen years, and even fewer officials of the implicated institutions did more than issue terse denials or brief explanatory admissions. Obviously, this was a subject of considerable political sensitivity for public discussion. Whatever their rôles—as agents, accomplices, or victims—a number of prominent people had already suffered painful embarrassments over this "most disagreeable of episodes." Individual reputations had been injured, private organizations compromised, and foundations shaken. Most of all, the relations of trust among various professional colleagues had been deeply affected by the exposures. There seemed to be little purpose in continuing the attempts at vindication. Moreover it was also clear that many foundation trustees chose the path of reticence in order to shelter specific recipients of allegedly "contaminated" funds from further damage to their careers. The analogy to the experience of an earlier decade was appropriate: in the 1950's some Americans invoked the Fifth Amendment rather than betray their former associates; in the 1960's some foundation executives found themselves in the same position and refused to list the names and activities of all their grantees.

But as time passed, most of the important details of the CIA affair gradually emerged in various published stories. There were more exposés, a few confessions, and one "kiss-and-tell" memoir in a national magazine by a former CIA operator. In the memoir, written in a somewhat self-serving manner, the author claimed to have originated the CIA system of covert funding, and he indiscreetly disclosed many aspects previously unknown to the public. The full truth, of course, has never been confirmed by the CIA. But, putting

together all the news stories and articles of the past two years, and reviewing the history of some of the "identified" organizations, one can get today a fairly clear picture of what happened and why it happened. It is noteworthy that no "classified" information is needed to deduce the following story.

II

After 1945 there were at least three historically specific factors that induced the United States government to maintain its overseas commitments by establishing the Central Intelligence Agency as a successor organization to the wartime Office of Strategic Services. The first was the memory of the tragic consequences of America's earlier retreat from Europe in the 1920's. The idea of another withdrawal from Europe after World War II was barely conceivable to an American public newly aware of its international responsibilities. The second factor was the experience of the war itself against Nazi Germany. To achieve victory, the United States had been forced almost overnight to remedy its unpreparedness in intelligence gathering. With the organization of the OSS, new techniques of political warfare, economic subversion, cultural penetration, and propaganda were developed and they created an important precedent for future CIA operations.

Finally, there was the rapidly augmenting state of Cold War with the Soviet Union. The swelling of the Communist party in Italy, the successful Communist coups in Eastern Europe, the highly symbolic disaster for the West in the take-over of Czechoslovakia in 1948, the Soviet blockade in Berlin—these emergency situations produced widespread anxiety in an apprehensive Administration in Washington. Moreover, apart from the perceived threat of Soviet military aggression in Europe, there was substantial evidence of Communist political initiatives in other parts of the world. Communist front groups were suddenly springing up in

Africa, Asia, and Latin America. Richly financed and skillfully organized, these neutralist-disguised groups obtained surprising successes with their propaganda against the Western democracies.

The initial response of the United States government to oppose additional Communist encroachments came in the military and economic spheres. Defensive alliances like NATO and SEATO were quickly established with American support; at the same time, foreign aid programs like the Marshall Plan and Point Four provided material assistance. But all of these initiatives neglected the political and cultural fronts, and it was how to fill these gaps that posed deep problems for officials in Washington. Eventually, through decisions of the President and his Cabinet, and with the concurrence of influential members of Congress, the Administration invented a system of expedient measures to supply covert funds to anti-Communist efforts in many foreign countries. Some have called these measures highly imaginative under the circumstances; others see them today as unnecessary and unconstitutional. Perhaps the most important thing to notice about these measures is that for over a decade they worked quietly and with some effectiveness in support of the government's foreign policy.

Why was the CIA selected as the agency for this expedient? This was a crucial question for most critics. In many respects, the CIA might have been considered an unlikely, inappropriate candidate for the job. It was a "strong" agency, "strong" in the sense that it was concomitantly engaged in "strong" activities: intelligence gathering, espionage, white and black propaganda, institutional *subversion* abroad. Why would it not have been better to assign the task of institutional *support* abroad to "weaker," more public agencies of the United States government? Ready at hand were the State Department and the Congress-approved aid programs. Conceivably, the job could even have been turned over to a few large private foundations already committed to overseas projects.

Defenders of this aspect of CIA activities have pointed out the controlling context of U. S. domestic history at that time. In a few words, the private sector of American society —philanthropic foundations, non-profit corporations operating abroad, and voluntary associations—proved unable to raise the financial resources requisite to making a significant impact in the countries needing help. The Administration for its part feared—perhaps incorrectly—that open governmental support of non-technical aid programs (such as educational and cultural exchanges of all kinds) would raise the specter of American neo-colonialism and interference in the internal affairs of foreign countries. Finally, during the period when the "publicity success" of Senator Joe McCarthy's investigations made many people suspicious of Communist subversion of American institutions, Congress consistently refused to permit the State Department to have a free hand in openly furnishing funds to liberal, and possibly left-wing, groups. Today we know this atmosphere of distrust was misguided and largely paranoiac; during the early 1950's, however, it was a political fact of life. The only alternative, then, was to call on the CIA, still in its infancy and fairly uncertain about some of its own functions within the government. Despite the numerous activities already consigned to this agency, it was considered administratively possible to add this further one of becoming a covert contrivance for the disbursement of public funds.

The figures have never been published, but estimates cannot be far wrong when they suggest that many hundreds of millions of CIA dollars were sent to institutions around the world from 1950 to 1967. Again, the detailed facts about the recipients of these funds have not been revealed; when and if the documents are published in the distant future, a current guess can only predict the astonishment at the extent and variety of involved organizations.

Yet, there is one more point about the CIA-linked institutions that can be readily inferred from the available evidence. This is a significant point mostly overlooked in all the recent

publicity. Based on an examination of the dates of incorporation, tax returns, and financial statements of these organizations, a definite pattern of CIA funding over a fifteen-year period becomes clear. In general, this pattern was marked by three specific phases and types of CIA-aided groups.

The first phase, beginning around 1950, could be categorized as the period when the CIA helped to create and sustain "counter-organizations"—"counter" in that they came into existence in direct opposition to Communist front organizations. Thus, in reply to the Communist-oriented programs of the World Peace Congress, the World Federation of Democratic Youth, and the World Federation of Trade Unions, the non-Communist governments of Europe and the United States set up their own counterpart groups: respectively, the Congress for Cultural Freedom, the World Assembly of Youth, and the International Confederation of Free Trade Unions. For almost every Communist-sponsored festival, youth meeting, and publishing scheme which flourished in the cities of Western Europe, there appeared at a somewhat later date parallel, non-Communist efforts along similar lines. The rôle of the CIA in these activities cannot be doubted. As a matter of fact, the agency's rôle was dictated essentially by the nature of the opposing Communist groups. The external form of all these "counter-organizations" was explicitly modeled on the Communist fronts, the main attributes of which included the guise of independence and the concealment of all ties with the Soviet government.

In contrast to this phase of CIA support of defensive "counter-organizations," the next period, coming several years later, involved the CIA in direct assistance to multi-functional service organizations operating primarily in the developing world. There were several reasons for this switch in the CIA's funding policy. In the first place, the locus of the Cold War struggles had moved—away from Europe and into the nations of Africa, Asia, and Latin America.

Second, by the late 1950's, the Soviet policy of promoting Communist fronts had been widely discredited. To cite one example, the noteworthy representations of Western students at the World Youth Festivals in Vienna in 1959 and Helsinki in 1962 had diminished the usefulness of this particular propaganda forum for the Communists; henceforth Communist-front youth groups were to decline in importance, and so too did the Western "counter-organizations." Thus, the new pattern of CIA funding emphasized assistance to private American institutions which were already supporting foreign students, journalists, lawyers, and trade unionists. Respectable groups like the Asian Foundation, African-American Institute, American Friends of the Middle East, and the American Newspaper Guild were typical beneficiaries. Once again, it was probably true that the decision to channel CIA money in this way developed as a response to prior Soviet initiatives. In many countries of Africa, for instance, scholarships for study in the Soviet Union had been offered to politically susceptible Africans. Patrice Lumumba "Friendship" University in Moscow had been designed for just the purpose of educating incipient foreign leaders in Communist doctrines. Accordingly, practically all of these new types of CIA-aided organizations established academic scholarships and professional training programs for foreign leaders whose political loyalties had not been compromised by Communist blandishments. The reason why private American foundations were selected for this task could probably be traced back to the desire of CIA officials to protect individual foreign recipients. Most grantees came from the non-aligned nations where the fears of neo-colonialism prohibited the direct acceptance of United States government funds.

Finally, any description of the third phase of CIA-supported philanthropy remains highly conjectural. Newspaper stories in 1967 listed several dozen "dummy" fronts, conduits, and transfer foundations whose nondescript trustees

and mysteriously self-replenishing bank accounts were obviously devised by the CIA as disguises for the secret underwriting of overseas projects. The full elaboration of this scheme occurred rather late in the history of CIA funding. Yet probably more than any other factor, it was the specious flimsiness of such clandestine bankrolling that contributed to the CIA exposures and made many Americans question the propriety of the agency's activities.

III

What then can be said today about the three major accusations against the CIA which appeared in all the publicity two years ago?

With regard to the dubious constitutionality of CIA expedients, the record of the agency was relatively open. In February, 1967, the late Senator Robert F. Kennedy declared that the creation of the CIA funnel of money was an act of "all relevant Government agencies—and that includes the White House." Indeed, Presidents Truman, Eisenhower, Kennedy, and Johnson approved all major CIA projects. Although a contract like that between the CIA and the National Student Association was legally within its mandate, the agency apparently made no such unilateral decision without the consent of high Administration officials. And while the budget of the agency has been mostly hidden in defense appropriations, the CIA has always had to account for its expenditures to the Budget Bureau and to watchdog committees in both houses of Congress. Thus, the question of the legality of CIA procedures has involved both Democratic and Republican congressmen, and the assertion that the watchdog committees were "toothless" missed the point that these committees actually had plenty of "teeth" but most of their members had no reason to want to bite. On CIA projects, they have regularly endorsed the policies of four Presidents.

The criticism against the CIA for its subversion of pri-

vate American institutions has carried more weight. But here too, the original charges have been softened by subsequent qualifications. The word "subversion" was quickly replaced in newspaper stories by the less inflammatory term "subornation." How could private institutions acquiesce in their own subversion? Then the American public slowly became aware that great diversity characterized the fiscal arrangements and personal contacts with suborned institutions. In many cases, CIA money was evidently mixed with genuinely private dollars and conveyed to highly reputable, wholly independent organizations. Some trustees of recipient groups were honestly unwitting of the source of origin of these funds. Some were suspicious but unable to establish the facts. Some were cognizant of many rumors but decided not to investigate the matter further. Possessing no certain information, they chose not to know the full story of the byways through which funds reached their organization. Others finally were manifestly both witting and willing accessories. Their groups had been set up in the first instance by CIA funds.

Apart from these considerations, some trustees felt the revelation that their organization had received CIA money did not reflect badly on their judgment but favorably on the CIA's. Since their organization, like many others, operated with limited funds, they solicited contributions from any and everyone interested in their work. The decision to accept funds from an obscure source was based not on the presumed origin of these funds but rather on the terms of constraint or freedom imposed on the donee by the donor. In the harsh world of fundraising, the idea that a CIA dollar was necessarily "tainted" overlooked the fact that once included in an autonomous organization's budget, a dollar was after all only a dollar. As Professor Thomas C. Schelling of Harvard University has pointed out, the source of an institution's funds is always a hazard, whether it be a wealthy alumnus, the Quakers, the Catholic Church, Standard Oil,

the Army, or the CIA. The main concern for every institution in these circumstances is the extent of its authority over the use of such funds and its capacity to expend them in a responsible manner. If autonomy can be assured through various viable arrangements, then the dollars from the CIA are no more unclean than those from other benefactors.

Several confirmations of this point turned up in some of the newspaper exposures. Trustees stated that they had been granted an unusual degree of discretion in the use of their newly acquired funds. The strings attached to the dollars coming into a foundation from CIA conduits were often non-existent. The money was to be used strictly for the supplementation of current projects. Furthermore, many of the NSA students have testified that the agency made no attempt to influence their freedom of expression, even when they castigated United States actions in the Dominican Republic or in the Vietnam war. In this respect, it seems highly probable that, if the State Department had been chosen as the vehicle to supply open financing, the activities of students and private foundations would have been much more severely circumscribed by official sanctions.

The last accusation—that of the unwarranted secrecy of the CIA subsidies—has caused the greatest furor. Not surprisingly, apologists for the agency have been on much weaker ground in their replies to this charge. They have answered that there was no alternative to secrecy. Congress refused to appropriate open funds. Private money was not available in sufficient amounts. And the job needed to be done. These arguments were persuasive when describing the period of the 1950's, but as related to the next decade, they seemed far less compelling. Beginning with the Kennedy Administration and still more during the early years of the Johnson Presidency, there existed plausible alternatives to the covert support of American organizations. Many people were suggesting the time was ripe for the innovation of procedures for the open partnership of public and private

groups working abroad. The concept of special tax incentives for United States corporations active overseas was receiving new public attention. So too was the idea of extending this country's participation in multilateral aid programs.

Moreover, after the election of President Kennedy, it was clear that liberal opinions in international politics no longer activated the old suspicions of Communist leanings. The punitive mood of McCarthyite anti-Communism had long since evaporated, and for a time—certainly until the Vietnam war—the spirit of liberal internationalism ruled in the minds of a majority of Congressmen. Very possibly, the former reluctance of Congress to authorize open appropriations could have been changed through a forceful series of executive proposals. Yet no initiatives along these lines were undertaken.

While at least two Presidents may be charged with some negligence here, the CIA itself was remarkably blind to the consequences of perpetuating its obsolete expedients over too long a period. It failed to notice that its laboriously constructed mesh of covert funding had become threadbare and transparent. The interlocking webs of disbursing conduits were poorly designed; recipient institutions were imperfectly insulated from one another; too many individuals were implicated; and the continued contact with large numbers of students made the likelihood of exposure a definite probability. According to reports, many grants to universities and research institutes had already been phased down and out by 1965. Yet at a minimum, the CIA should also have canceled its extensive subsidies to youth groups during the same period, especially when the participation of American students in East-West confrontations had lessened in significance.

And so in the end, the breakdown within in its own operating system proved to be fatal to this particular CIA activity. The issue of secrecy was only part of the problem. Indeed "official secrecy"—undisguised classified work of all

kinds—has been a legitimate prerogative of governments throughout history. The real fault of the agency was the way in which it persisted in misrepresenting its own secrecy. While the ulterior motives of the agency may have been defensible, the fact of their being undisclosed motives made them ultimately vulnerable. What caused so much embarrassment to so many officials of "identified" organizations was not their involvement in confidential relations but in blatant deceptions. As Professor Schelling has written, "What gives these occasional revelations a flavor of scandal is not what is revealed but the fact of their being revelations. . . ."

More than any other factor, it was this situation of ill-disguised duplicity that goes a long way to explain the outcry of national bitterness which echoed throughout the land after the CIA exposures of February, 1967.

Yet in several months' time, the storm clouds had passed and the attention of the American public moved on with predictable caprice to other national matters. In March, 1967, a special committee appointed by President Johnson recommended that all covert financing of private American groups be stopped by the end of the year. Although the press has recently reported some exceptions to this recommendation, a general ban on CIA subsidies to most American organizations has been implemented. The CIA funding apparatus has been dismantled. And *l'affaire CIA* has come officially to an end. In essence, the government has promised to refrain from giving secret presents to "kept" institutions, and the institutions themselves have given assurances that their future relations with the government will remain chaste if not entirely celibate.

IV

Meanwhile, the problem of what to do about finding alternative formulas to the CIA system has concerned many people in Washington and elsewhere. It has been mentioned

that to terminate or curtail many of the previously supported international programs would be harmful and wasteful. One official describes it as a form of "unilateral political disarmament." Senator Ralph W. Yarborough of Texas has said, "Although this CIA funding with all of its negative implications has rightly been stopped, no one can doubt our continuing national interest in seeing private involvement grow."

Consequently, several governmental groups have recently been studying a number of proposals to establish "a quasi-public commission" which would openly finance the neediest of cultural, educational, and labor organizations with overseas projects. Unfortunately, politics and the mood of fiscal economy have ruled in most of these discussions.

At one point, the example of the British Council figured rather prominently in some of the debates. Here was a model that might be emulated in the creation, for example, of an American Council for Overseas Assistance. The British Council, established in 1934 by private initiative and with the support of the Foreign Office, has done creditable work. It engages in English language instruction, sets up educational and cultural exchanges, distributes books and periodicals, and arranges traveling exhibitions. Further reflection, however, has convinced many officials that the analogy is inexact and inappropriate to the American scene. Most of the functions of the British Council are presently paralleled by those of the United States Information Agency, and the British Council's mission—that of "representing British life and institutions abroad"—is not really relevant to the kind of institutional support and economic development carried on by American foundations. (Representatives of the British Council, incidentally, have hastened to demolish the idea that their own activities bear any similarity to those which they understand to have been aided by the CIA. Probably the fear of guilt by American imitation lurks in the background of their attempts at disassociating the British Coun-

cil from the controversy.) The problem, then, remains for the United States government to find its own indigenous solution.

How have many of the organizations identified as recipients of CIA funds fared during the past two years? What sort of problems do they confront in their new status as "CIA orphans"?

A quick check of foundation registers and organization reports suggests the following. Some of them—*bona fide* fronts of the CIA—have simply and quietly folded. Others have discreetly merged with larger foundations whose reputations for independence are strong enough to bear the burdens of past CIA associations. Finally, the vast majority have continued in business with their overseas projects; the only difference is that they have had to cut back severely on their previous level of financial commitments. At the present time their programs are wholly sustained by residual funds, AID contracts, and contributions from interested individuals, foundations, and corporations.

Time and again, during the exposures, trustees of these organizations were questioned why they had "sold out" to government funds when so much private philanthropy had been available. The answer today is all too obvious. Private money for most overseas programs was, and is now, extremely scarce. Only very special types of foundations and individuals have international interests as their primary focus for philanthropy, and they are few in number.

Moreover, every indication is that it will be increasingly difficult in the future for smaller organizations to find private funds for their work abroad. Large foundations have rearranged their own lists of priorities to reflect current national problems, and this means their grants will be directed more and more to worthy projects in the urban ghettos and in the area of race relations. And even the former validity of many overseas projects has recently been called into question by thoughtful Americans. There has been talk

of foreign aid—both public and private—as forms of "counterfeit nurturance," and many people today seem to be far less enthusiastic about the possibilities of creating genuine self-help programs in the developing nations.

For all these reasons, then, the transitional life of "the CIA orphans" has not been smooth and conflict-free. In a useful analysis which appeared in the 1967 Annual Report of the Carnegie Corporation, Alan Pifer has called for a full elaboration of a new institutional genus in America defined as "the quasi nongovernmental organization." Legally incorporated as a private, tax-exempt institution; governed by a responsible board of directors who are private citizens; financed entirely, or in large part, by the federal government; the quasi non-governmental organization would serve many purposes in resolving the kinds of quandaries in which "the CIA orphans" presently find themselves.

Certainly now is the time—at the end of the unhappy CIA affair and at the beginning of a new President's term of office—to think through all of the possible new organizational forms that may help Americans to exert their public and private initiatives in the world beyond American shores.